
HOUSE BILL 1566

State of Washington 59th Legislature 2005 Regular Session

By Representatives Jarrett, Linville, Alexander, Hunter, Nixon, Sommers, Priest, P. Sullivan, Anderson, Chase and Buck

Read first time 01/28/2005. Referred to Committee on State Government Operations & Accountability.

1 AN ACT Relating to government accountability; amending RCW
2 43.88.090 and 44.28.083; adding a new section to chapter 44.04 RCW;
3 adding a new section to chapter 44.28 RCW; and creating new sections.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that: (1) Public
6 confidence in government is essential. Public programs must
7 continuously improve in quality, efficiency, and effectiveness in order
8 to increase public trust;

9 (2) Washington state government and other entities that receive tax
10 dollars must continuously improve the way they operate and deliver
11 services so citizens receive maximum value for their tax dollars;

12 (3) State government must establish priorities for the delivery of
13 governmental services and continually reassess the ability of state
14 agencies, departments, programs, and activities to contribute to those
15 priorities. The highest priority programs must be evaluated to
16 determine if they are operating at maximum efficiency and
17 effectiveness, while the lowest priority programs must be assessed to
18 determine their continued relevance and viability;

1 (4) Fair, independent, professional performance audits of state
2 agencies are essential to improving the efficiency and effectiveness of
3 government.

4 NEW SECTION. **Sec. 2.** (1) The legislature finds that the highest
5 priority functions of state government serve the following objectives:

6 (a) Improve student achievement in elementary, middle, and high
7 schools;

8 (b) Improve the quality and productivity of, and respect for, the
9 state's work force, including consideration of competitive
10 compensation, realistic workloads, and recruitment and retention;

11 (c) Improve the value of a state college or university education;

12 (d) Improve the health of the state's citizens;

13 (e) Improve the security of the state's vulnerable children and
14 adults;

15 (f) Improve the economic vitality of businesses and individuals;

16 (g) Improve statewide mobility of people, goods, information, and
17 energy;

18 (h) Improve the safety of people and property;

19 (i) Improve the quality of the state's natural resources;

20 (j) Improve cultural and recreational opportunities throughout the
21 state; and

22 (k) Improve the overall efficiency and effectiveness of the
23 operations of state government.

24 (2) These priority functions of state government identified in this
25 section shall form the basis of the management reviews identified under
26 RCW 43.88.090.

27 **Sec. 3.** RCW 43.88.090 and 1997 c 372 s 1 are each amended to read
28 as follows:

29 (1) For purposes of developing budget proposals to the legislature,
30 the governor shall have the power, and it shall be the governor's duty,
31 to require from proper agency officials such detailed estimates and
32 other information in such form and at such times as the governor shall
33 direct. The estimates for the legislature and the judiciary shall be
34 transmitted to the governor and shall be included in the budget without
35 revision. The estimates for state pension contributions shall be based
36 on the rates provided in chapter 41.45 RCW. Copies of all such

1 estimates shall be transmitted to the standing committees on ways and
2 means of the house and senate at the same time as they are filed with
3 the governor and the office of financial management.

4 The estimates shall include statements or tables which indicate, by
5 agency, the state funds which are required for the receipt of federal
6 matching revenues. The estimates shall be revised as necessary to
7 reflect legislative enactments and adopted appropriations and shall be
8 included with the initial biennial allotment submitted under RCW
9 43.88.110. The estimates must reflect that the agency considered any
10 alternatives to reduce costs or improve service delivery identified in
11 the findings of a performance audit of the agency by the joint
12 legislative audit and review committee. Nothing in this subsection
13 requires performance audit findings to be published as part of the
14 budget.

15 (2) Each state agency shall define its mission and establish
16 measurable goals for achieving desirable results for those who receive
17 its services and the taxpayers who pay for those services. Each agency
18 shall also develop clear strategies and timelines to achieve its goals.
19 This section does not require an agency to develop a new mission or
20 goals in place of identifiable missions or goals that meet the intent
21 of this section. The mission and goals of each agency must conform to
22 statutory direction and limitations.

23 (3) For the purpose of assessing program performance, each state
24 agency shall establish program objectives for each major program in its
25 budget. The objectives must be consistent with the missions and goals
26 developed under this section. The objectives must be expressed to the
27 extent practicable in outcome-based, objective, and measurable form
28 unless an exception to adopt a different standard is granted by the
29 office of financial management and approved by the legislative
30 committee on performance review. The office of financial management
31 shall provide necessary professional and technical assistance to assist
32 state agencies in the development of strategic plans that include the
33 mission of the agency and its programs, measurable goals, strategies,
34 and performance measurement systems.

35 (4) Each state agency shall adopt procedures for continuous self-
36 assessment of each program and activity, using the mission, goals,
37 objectives, and measurements required under subsections (2) and (3) of
38 this section.

1 (5) It is the policy of the legislature that each agency's budget
2 proposals must be directly linked to the agency's stated mission and
3 program goals and objectives as related to the priorities of
4 government. Consistent with this policy, agency budget proposals must
5 include integration of performance measures that allow objective
6 determination of a program's success in achieving its goals. The
7 office of financial management shall ~~((develop a plan to))~~ merge the
8 budget development process with agency performance assessment
9 procedures and management reviews under subsection (6) of this section.
10 ~~((The plan must include a schedule to integrate agency strategic plans~~
11 ~~and performance measures into agency budget requests and the governor's~~
12 ~~budget proposal over three fiscal biennia. The plan must identify~~
13 ~~those agencies that will implement the revised budget process in the~~
14 ~~1997-1999 biennium, the 1999-2001 biennium, and the 2001-2003~~
15 ~~biennium.))~~ In consultation with the legislative fiscal committees,
16 the office of financial management shall recommend statutory and
17 procedural modifications to the state's budget, accounting, and
18 reporting systems to facilitate the performance assessment procedures
19 and the merger of those procedures with the state budget process.
20 ~~((The plan and recommended statutory and procedural modifications must~~
21 ~~be submitted to the legislative fiscal committees by September 30,~~
22 ~~1996.))~~

23 (6) The governor and the governor's executive cabinet shall develop
24 a performance measurement system and conduct coordinated quarterly and
25 annual management reviews of state agencies, departments, programs, and
26 activities as related to the priorities of government using that
27 system. The reviews shall include, but are not limited to, an
28 assessment of cost measures, including unit cost where appropriate,
29 quality measures, productivity measures, outcome measures, efficiency
30 measures, timeliness of delivery of services, and comparative
31 benchmarks.

32 (7) The governor shall forward these management reviews to the
33 legislative fiscal committees and the joint legislative audit and
34 review committee and the appropriate sections of the reviews to the
35 relevant policy committees of the legislature by January 1st of each
36 year.

37 (8) In the year of the gubernatorial election, the governor shall
38 invite the governor-elect or the governor-elect's designee to attend

1 all hearings provided in RCW 43.88.100; and the governor shall furnish
2 the governor-elect or the governor-elect's designee with such
3 information as will enable the governor-elect or the governor-elect's
4 designee to gain an understanding of the state's budget requirements.
5 The governor-elect or the governor-elect's designee may ask such
6 questions during the hearings and require such information as the
7 governor-elect or the governor-elect's designee deems necessary and may
8 make recommendations in connection with any item of the budget which,
9 with the governor-elect's reasons therefor, shall be presented to the
10 legislature in writing with the budget document. Copies of all such
11 estimates and other required information shall also be submitted to the
12 standing committees on ways and means of the house and senate.

13 NEW SECTION. **Sec. 4.** A new section is added to chapter 44.04 RCW
14 to read as follows:

15 All fiscal and policy committees of the legislature and the joint
16 legislative audit and review committee shall receive copies of the
17 quarterly and annual management review reports issued by the governor
18 and the office of financial management under RCW 43.88.090. The fiscal
19 committees of the legislature shall consider these management review
20 reports when developing the operating, capital, and transportation
21 budgets, and when developing revenue strategies. The policy committees
22 of the legislature shall consider the relevant sections of these
23 management review reports when developing policy for the state and
24 shall make recommendations to the fiscal committees for appropriation
25 of state funds that are consistent with state policy priorities. These
26 recommendations shall focus on the integration of capital and operating
27 expenditures and the alignment of appropriations with the state policy
28 priorities.

29 NEW SECTION. **Sec. 5.** A new section is added to chapter 44.28 RCW
30 to read as follows:

31 (1) The joint legislative audit and review committee shall review
32 the performance and outcome measures of selected state agencies,
33 departments, programs, and activities and the executive branch's
34 performance management review and the metrics used by that system. The
35 purpose of these performance measure reviews is to ensure that the
36 legislature has the means to adequately and accurately assess the

1 performance of those agencies, departments, programs, and activities
2 and the outcomes of their performance. Where two or more agencies have
3 shared responsibility for functions or priorities of government, these
4 reviews can also determine whether effective interagency cooperation
5 and collaboration occurs in areas such as program coordination,
6 administrative structures, information systems, and administration of
7 grants, loans, and vendor rates.

8 (2) In conducting these reviews, the joint committee shall consult
9 with the office of financial management and other state agencies. The
10 legislative auditor may contract with and consult with public and
11 private independent professional and technical experts as necessary in
12 conducting the reviews.

13 (3) The joint committee shall develop a work plan and common
14 methodology for conducting these periodic reviews, which shall be
15 accomplished in five-year cycles. In setting the work plan and the
16 extent of these performance measure reviews, the joint legislative
17 audit and review committee shall consider the timing and results of
18 other recent state, federal, and independent reviews and audits, the
19 seriousness of past findings, any remedial action taken by an agency or
20 department, the executive branch's quarterly and annual management
21 review reports, the adequacy of existing additional performance and
22 outcome measures used by an agency, department, program, or activity,
23 and the desirability of including a diverse range of agencies each
24 year. The reviews may include, but are not limited to:

25 (a) A determination of whether the executive branch's performance
26 management system and the performance and outcome measures are
27 consistent with legislative mandates, as well as agency strategic
28 plans, mission statements, and goals and objectives;

29 (b) A determination of whether the legislature has established
30 clear mandates and policy directions that lend themselves to
31 performance and outcome measurement;

32 (c) An examination of how agency management uses the measures to
33 manage resources efficiently and effectively;

34 (d) An assessment of how the agency uses performance benchmarks for
35 the purpose of assessing program or agency performance compared to
36 external standards and benchmarks;

37 (e) An examination of how performance and outcome measures are used
38 to make planning and operational improvements;

1 (f) A determination of how performance and outcome measures are
2 used in the budget planning, development, and allotment processes and
3 the extent to which the agency is in compliance with its
4 responsibilities under RCW 43.88.090;

5 (g) An assessment of whether the performance and outcome measures
6 are reliable and collected in a uniform and timely manner; and

7 (h) Recommendations as necessary or appropriate.

8 (4) Completed performance measure reviews shall be presented to the
9 joint committee and published in the same manner as prescribed for
10 performance audits in RCW 44.28.088. Published performance measure
11 reviews shall be made available to the public through the joint
12 committee's web site and through customary public communications.
13 Final reports must also be transmitted to the appropriate policy and
14 fiscal standing committees of the legislature.

15 (5) Based on performance measure reviews authorized by subsection
16 (1) of this section, and on priorities of the executive branch's
17 quarterly and annual management review reports, authorized by RCW
18 43.88.090, the legislative auditor shall recommend full performance
19 audits of specific agencies or departments, or specific programs or
20 activities, within an agency or department, and publicly post those
21 recommendations. The joint committee shall solicit input from the
22 public to decide whether and how to proceed with a full performance
23 audit. If the committee decides by a majority vote that a full
24 performance audit of an agency or department, a specific program or
25 activity within an agency or department, or multiple agencies is
26 appropriate, the committee shall add that audit to its biennial
27 performance audit work plan under RCW 44.28.080 and 44.28.083.

28 (6) When conducting a full performance audit of an agency or
29 department, or a specific program or activity within an agency or
30 department, or multiple agencies, in accordance with subsection (5) of
31 this section, the joint committee shall solicit input from appropriate
32 representatives and experts in the field that is the subject of an
33 audit. The joint committee shall make recommendations regarding the
34 continuation, abolition, consolidation, or reorganization of each
35 affected agency, department, program, or activity. The joint committee
36 shall identify opportunities to develop government partnerships, and
37 eliminate redundancies to improve the quality, effectiveness, and
38 efficiency of state government.

1 **Sec. 6.** RCW 44.28.083 and 1996 c 288 s 12 are each amended to read
2 as follows:

3 (1) During the regular legislative session of each odd-numbered
4 year, beginning with 1997, the joint legislative audit and review
5 committee shall develop and approve a performance audit work plan for
6 the subsequent sixteen to twenty-four-month period and an overall work
7 plan that identifies state agency programs for which formal evaluation
8 appears necessary. Among the factors to be considered in preparing the
9 work plans are:

10 (a) The results of the committee's reviews of the performance and
11 outcome measures of selected state agencies, departments, programs, and
12 activities as required by section 5 of this act, and the executive
13 branch's quarterly and annual management review reports;

14 (b) Whether a program newly created or significantly altered by the
15 legislature warrants continued oversight because (i) the fiscal impact
16 of the program is significant, or (ii) the program represents a
17 relatively high degree of risk in terms of reaching the stated goals
18 and objectives for that program;

19 ~~((b))~~ (c) Whether implementation of an existing program has
20 failed to meet its goals and objectives by any significant degree; and

21 ~~((e))~~ (d) Whether a follow-up audit would help ensure that
22 previously identified recommendations for improvements were being
23 implemented.

24 (2) The project description for each performance audit must include
25 start and completion dates, the proposed approach, and cost estimates.

26 (3) The legislative auditor may consult with the chairs and staff
27 of appropriate legislative committees, the state auditor, and the
28 director of financial management in developing the performance audit
29 work plan.

30 (4) The performance audit work plan and the overall work plan may
31 include proposals to employ contract resources. As conditions warrant,
32 the performance audit work plan and the overall work plan may be
33 amended from time to time. All performance audit work plans shall be
34 transmitted to the appropriate fiscal and policy committees of the
35 senate and the house of representatives no later than the sixtieth day
36 of the regular legislative session of each odd-numbered year, beginning
37 with 1997. All overall work plans shall be transmitted to the

1 appropriate fiscal and policy committees of the senate and the house of
2 representatives.

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